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**Testimony of  
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on behalf of the  
Department of Labor  
Labor and Public Employees Committee  
February 24, 2015**

**Proposed Bills concerning Unemployment Compensation Benefits**

Good Day Senator Winfield, Representative Tercyak, Senator Hwang and Representative Rutigliano and members of the Labor and Public Employees Committee. Thank you for the opportunity to provide you with testimony concerning bills that impact the Unemployment Compensation Act Benefits.

**SB 183 AAC Dual Employment and Unemployment Compensation Eligibility.** This proposal would enable an individual who voluntarily leaves a part-time job to remain eligible for unemployment compensation benefits if the individual is subsequently released from his or her full-time position. The Department of Labor cannot support the bill as proposed. Currently, this policy is reflected in the CGS § 31-236(b), except that current law prescribes that if a disqualifying separation from a part-time job precedes a full-time separation, the individual shall be eligible to receive an amount equal to the benefits attributable solely to the wages paid to him or her for any employment during his or her base period other than such part-time employment.

**SB 434 AAC Unemployment Compensation Calculations.** This bill would calculate unemployment by referencing the individual's most recent annual salary. The Department would need additional information to determine the impact of this bill on the Department. Inevitably, however, changing the calculation would have a substantial impact on workers' weekly benefit rate. The proposal would require additional Information Technology (IT) work and appropriations to fund such a proposal are not included in the budget.

**SB 436 AAC the Waiting Week and Unemployment Benefits.** The Department opposes the proposed bill. This proposal would require individuals to be unemployed for a full week prior to becoming eligible to receive unemployment benefits. The waiting week has a disparate effect on low income workers and workers who by necessity work from paycheck to paycheck.

This proposal would also hurt those employers who depend on its employees receiving 1 or 2 weeks of benefits during the employers' shutdown. The proposal would require additional IT work and appropriations to fund such a proposal are not included in the budget.

**SB 442 AA Increasing the Minimum Earnings Necessary to Qualify for Unemployment Benefits.** The proposal increases the minimum earnings necessary to qualify for unemployment benefits to account for inflation. The Department would need additional information to fully determine the effect this proposal may have on claimants and our IT systems. A change to the earnings will have significant IT ramifications and would disparately affect low wage earners.

**SB 447 AAC Unemployment Compensation and Eligibility for Extended Benefits.** This bill would decrease the extended benefit period and a claimant who receives extended benefits and who begins a new job prior to the end of such extended period would receive a 12-week supplemental grant. The Department would need additional information to determine to what extended benefit period and program the bill refers. Extended benefits are part of a federal program. Further, the Department would need additional information concerning the source of the appropriation for the supplemental grant. The Department of Labor cannot support the bill.

**HB 5608 AAC the State Information Data Exchange System.** The Department has already begun implementation. The Connecticut Department of Labor has received a federal grant to expedite the process of verifying employer separation information through the use of SIDES (Separation and Information Data Exchange System). Per grant requirements, it is expected that CTDOL will implement the largest component of SIDES by the spring of 2016. The grant funds will enable CTDOL to implement an integrated computer-to-computer interface, which enable electronic communication and transmission of UI separation information between UI agencies and employers or third party administrators/agents.

**HB 5611 AAC Eligibility for Unemployment Benefits.** This bill would require claimants to appear at an unemployment office no less than once per month to maintain eligibility for such benefits. Although the concept behind this bill is noteworthy, this proposal would require additional staff at the American Job Centers. For the past month, 60,000 claimants have received benefits.

**HB 5614 AA Creating a Pilot Program to Investigate Fraudulent Unemployment Claims.** This proposed bill would create a state-wide pilot program to investigate and identify instances of fraud within the unemployment compensation program. An effective program is already in existence. Our Benefit Payment Control Unit has the responsibility for pursuing fraudulent unemployment benefits claims. The Department has agreements with the State Department of

Revenue Services and the U.S. Treasury allowing for the interception of tax refunds to be applied against non-compliant overpayments. Wage garnishments are also used to collect monies overpaid to the claimant. A new partnership combining the resources of the Connecticut Department of Labor and Chief State's Attorney's Office is fighting fraud by tracking down and prosecuting offenders for fraudulently collecting Unemployment Compensation benefits to which they were not entitled.

**HB 5850 AAC an Individual's Eligibility for Unemployment Compensation Benefits.** This bill would require claimants to appear at an unemployment office no less than once per month to maintain eligibility for such benefits. Although the concept behind this bill is noteworthy, his proposal would require additional staff at the American Job Centers. For the past month, 60,000 claimants have received benefits.

**HB 5851 AAC Unemployment Compensation Reform.** The Department opposes this bill. Several of these proposals would generate a substantial amount of staff and IT work and appropriations to fund such a proposal are not included in the budget. Further, several of these proposals would have a significant impact on the low wage earners. Without additional information on how to make this a comprehensive reform bill, the Department is unable to comment further.

**HB 5861 AAC the Labor Department and Overpayments of Unemployment Compensation Benefits.** The Department already has a program called the Benefit Accuracy Measurement (BAM). This is a federal mandate. The BAM program is designed to determine the accuracy of paid and denied claims. It does this by reconstructing the UI claims process for samples of weekly payments and denied claims using data verified by trained investigators.

**HB 5872 AAC Monthly Appearances at the Unemployment Office.** This bill would require claimants to appear at an unemployment office no less than once per month to maintain eligibility for such benefits. Although the concept behind this bill is noteworthy, this proposal would require additional staff at the American Job Centers. For the past month, 60,000 claimants have received benefits.

**HB 5873 AAC the State Information Data Exchange System.** The Department has already begun implementation. The Connecticut Department of Labor has received a federal grant to expedite the process of verifying employer separation information through the use of SIDES (Separation and Information Data Exchange System). Per grant requirements, it is expected that CTDOL will implement the largest component of SIDES by the spring of 2016. The grant funds will enable CTDOL to implement an integrated computer-to-computer interface, which enable electronic communication and transmission of UI separation information between UI agencies and employers or third party administrators/agents.

## **Proposed Bills Concerning the State's Conformity and Compliance with Federal Law Concerning Unemployment Insurance**

**SB 437 AAC Minimum Earnings for Unemployment Benefits.** This bill would provide a non-charge to any employer who paid wages to an employee of \$2,000.00 or less to a claimant in his or her base period. The bill seeks to modify C.G.S. section 31-225a to increase the non-charge from \$500 to \$2,000. DOL has been advised by the U.S. DOL that such a modification would be out of conformity with federal law. Without conformity, the Department would be in danger of losing federal funding. Loss of UI grant monies to the Department would be debilitating, since approximately 60% of the Department's operations is funded through the UI Grants. Further, loss of Federal Unemployment Tax Act credit for Connecticut employers amounts to approximately \$500 million annually based upon current payroll data.

A change to the non-charge would allow businesses to pay an employee a higher wage amount and then terminate that employee's employment without a charge to the individual employer's experience account. Although the worker would still be eligible to participate in the UI system, this has no significant impact on the UI trust fund as benefit payouts would be recouped via pooled costs. However, this would result in all contributory employers essentially paying for "non-charged" benefits of the individual claimant through the pooled costs, rather than the employer directly responsible for the claimant's unemployment. This modification additionally would negatively impact the Department since it would require substantial Information Technology modifications to existing processes and forms, placing a strain on already stretched federal administrative grant funds.

**HB 5864 AAC Unemployment Compensation Eligibility and Time-Specific Work Assignments.** This proposal seeks to limit a claimant's eligibility for Unemployment Compensation (UC) benefits to a time a period of time not to exceed the schedule time frame of their assignment. However, to ensure conformity to and compliance with federal law, a state may not deny unemployment benefits to individuals who have sufficient wage credits to a temporal time frame which is dependent on the length of the individual's assignment. The consequences of being out of conformity and out of compliance are the possible loss of administrative funding for the UI program and the loss of FUTA credits for our state's employers. Administrative funding for the UI program represents approximately 60% of the CTDOL budget and loss of FUTA credits would cost the state's employers approximately \$500 million annually.

**HB 5869 AAC Municipal Employers, Unemployment Compensation and the Appeals Process.** The Department opposes this bill. Municipal employers are reimbursed for unemployment

benefits that are paid to an individual if, upon appeal, it is determined that the individual had no claim to such benefits. However, municipal employers are only reimbursed if they participate in the lower level fact-finding hearing. If a claimant's overpayment is the result of the employer's failure to respond timely or adequately to an information request by the CT DOL, the employer will be responsible for the entire overpayment (not just the 6 weeks following its appeal) until the determination is made that the individual is no longer eligible for benefits. If this proposed bill were to pass, the state would be out of conformity with federal law. Without conformity, the Department would be in danger of losing federal funding. Loss of UI grant monies to the Department would be debilitating, since approximately 60% of the Department's operations is funded through the UI Grants. Further, loss of Federal Unemployment Tax Act credit for Connecticut employers amounts to approximately \$500 million annually based upon current payroll data.

**HB 6244 AAC Parents and Guardians of Crime Victims and Unemployment Benefits.** This bill would allow parents or guardians of crime victims who must leave a job to take care of a child who is a victim of a crime to collect unemployment benefits even though the parent or guardian is unable to work. The Department already has an exception to the voluntary leaving disqualification for the reasons outline in the bill. However, to ensure conformity and compliance with federal law, an individual must be able and available and looking for work. The state would be out of conformity with federal law if this bill were to pass. Without conformity, the Department would be in danger of losing federal funding. Loss of UI grant monies to the Department would be debilitating, since approximately 60% of the Department's operations is funded through the UI Grants. Further, loss of Federal Unemployment Tax Act credit for Connecticut employers amounts to approximately \$500 million annually based upon current payroll data.